

Message Text

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C O N F I D E N T I A L PEKING 1873

E.O. 11652\$ GDS

TAGS: PFOR PINT CH

SUBJECT: THE MOOD IN PEKING: OCTOBER 1975

REF: PEKING 1871

INTRODUCTION AND SUMMARY. REFTTEL DEPICTED PEKING AS A MORE RELAXED CITY THAN A YEAR AGO. THE MEASUREMENTS IT CITED ARE, OF COURSE, SUPERFICIAL, BUT INDICATE THAT THE GOVERNMENT IS RESTORING AN ATMOSPHERE OF NORMALCY, A STABLE FRAME OF REFERENCE IN WHICH INDIVIDUALS MAY HAVE SOME CONFIDENCE ABOUT WHAT IS PERMITTED THEM AND WHAT IS EXPECTED OF THEM IN THEIR DAILY LIVES. MORE PROFOUNDLY, THERE IS A GROWING SENSE--AND WE WOULD JUDGE THIS IS NATIONWIDE--THAT AFTER TEN YEARS OF INTERNAL POLITICAL STRUGGLE THE COUNTRY IS NOW BEING RUN BY A LEADERSHIP ABLE AND DETERMINED TO EXECUTE LONG-ABL# ECONOMIC AND POLITICAL PROGRAMS IN ACCORDANCE WITH COMMONLY AGREED VALUES, STANDARDS AND GOALS. THE EVIDENCE IS STILL SOMEWHAT TENTATIVE--AND SUCCESSION IN TOTALITARIAN REGIMES IS A CHANCY BUSINESS--BUT DEVELOPMENTS BEGINNING WITH THE

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FOURTH NATIONAL PEOPLE'S CONGRESS IN JANUARY HAVE

INCREASINGLY FOSTERED THE IMPRESSION THAT THE PRC IS MOVING INTO ITS SECOND QUARTER CENTURY CONFIDENT OF WHERE IT IS GOING AND HOW IT WILL GET THERE. END INTRODUCTION & SUMMARY.

1. LEADERSHIP

LAST YEAR AT THIS TIME MAO WAS AWAY AND THERE SEEMED TO BE CONSIDERABLE JOCKEYING OVER WHO WOULD GET WHAT PART OF THE AILING CHOU EN-LAI'S VAST RESPONSIBILITIES. NOW, TENG HSIAO-PING HAS CLEARLY RISEN TO FILL CHOU'S ROLE. HIS ACTIVITIES DOMINATE THE PAGES OF THE PEOPLE'S DAILY THE WAY CHOU'S ONCE DID AND HIS PICTURE APPEARS IN PROPAGANDA PHOTOGRAPHIC DISPLAYS ALL OVER TOWN. HE HAS BEEN PRESENT AT MAO'S MOST RECENT MEETINGS WITH FOREIGNERS. SECOND, OF COURSE, TO MAO, TENG HAS CLEARLY ESTABLISHED HIMSELF AS THE MAN FOR FOREIGNERS TO MEET ON BOTH STATE AND PARTY MATTERS--THOSE THAT DO NOT SEE HIM OR RECEIVE A LESSER FIGURE (AS HANOI DID LAST MONTH) FEEL SLIGHTED. ONLY FELLOW VICE PREMIER CHANG CHUN-CHIAO NOW SEEMS A VIABLE COMPETITOR AND HIS CURRENT POSITION IS CLEARLY SUBORDINATE TO TENG'S. WANG HUNGWEN, FORMALLY RANKED AFTER CHOU IN THE PARTY, APPEARS STILL TO BE SERVING AN APPRENTICESHIP, DEALING WITH PROVINCIAL PROBLEMS IN A WAY THAT IDENTIFIES HIM WITH THE STABILITY AND UNITY THEME.

VARIOUS SIGNS POINT TO A SIGNIFICANT WORSENING OF CHOU EN-LAI'S HEALTH OVER THE PAST FEW WEEKS. BUT WHILE THE PEOPLE WILL PROBABLY BE GENUINELY GRIEVED AT CHOU'S PASSING, TENG HSIAO-PING'S RISE SEEMS TO HAVE ALLEVIATED THE DEEP CONCERN EVIDENT LAST YEAR THAT THE STATE ADMINISTRATIVE STRUCTURE MIGHT BE BADLY WEAKENED BY INTERNAL BICKERING. ANOTHER REASON FOR THE CURRENT SENSE OF STABILITY HAS BEEN MAO'S CONTINUED ACTIVITY, CONVEYING HIS APPARENT SUPPORT FOR THE CURRENT POLICIES, AND INDICATING THAT HE IS HOLDING UP BETTER THAN CHOU DESPITE HIS MORE ADVANCED AGE.

2. A SET POLITICAL AND ECONOMIC COURSE

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THE JANUARY NPC CHARTED A POLICY OF BASIC POLITICAL STABILITY FOR THE PRC AND LONG-RANGE PLANNING FOR ITS ECONOMIC DEVELOPMENT. POLITICAL CAMPAIGNS--A STAPLE OF THE CHINESE POLITICAL DIET--CONTINUE, OF COURSE, AND THERE ARE AT LEAST THREE AND PERHAPS FOUR RUNNING SIMULTANEOUSLY IN CHINA AT PRESENT. HOWEVER, WHETHER THE STUDY SESSIONS ARE TO READ THE DULL THEORIES OF MARXISM-LENINISM

AS IN THE PROLETARIAN DICTATORSHIP CAMPAIGN OR TO REASSESS THE HEROES OF A TRADITIONAL NOVEL AS IN THE CRITICIZE SHUI HU MOVEMENT, THE ALL ADDRESS MAO'S CONCERN TO "COMBAT AND PREVENT REVISIONISM" BY PRODDING THE POPULATION ALONG THE COLLECTIVIST ROAD AND KEEPING BACKSLIDERS IN LINE.

THE SENSE OF DIRECTION FROM THE TOP IS STRONGLY EVIDENT ON THE ECONOMIC FRONT, AND THE MOOD IS ONE OF INCREASING CONFIDENCE IN ATTACKING CHINA'S MYRIAD ECONOMIC PROBLEMS. THE PRC COMMITMENT ENUNCIATED BY CHOU EN-LAI AT THE NPC TO REACH SOME SORT OF ECONOMIC PARITY WITH THE ADVANCED COUNTRIES OF THE WEST BY THE END OF THE CENTURY HAS BET AN AMBITIOUS GOAL FOR THE ECONOMY, BUT NOT ONE SO HIGH OR SO DISTANT THAT IT APPEARS UNATTAINABLE TO THOSE WHO MUST REALIZE IT. WITH A GOOD FIRST HALF OF 1975, ENOUGH GROUND MAY HAVE BEEN MADE UP TO PERMIT A ROUGHLY ON-TARGET START FOR THE FIFTY FIVE-YEAR PLAN, THE FIRST TRANCHE OF THE 25YEAR MODERNIZATION. THE BASIC STRATEGY FOR MODERNIZATION IS STILL FOR THE COUNTRY AND EACH LOCALITY TO LIFT ITSELF BY ITS BOOTSTRAPS AND NOT TO RELY ON OUTSIDE HELP FOR INVESTMENT; MODERNIZATION IS STILL TO BE REACHED THROUGH HARD WORK, FRUGALITY, COLLECTIVE PRODUCTION, AND SELF-SACRIFICE. IN RECOGNITION OF THE IMPORTANCE OF AGRICULTURE IN THE MODERNIZATION PROGRAM, THE LEARN FROM TACHAI CAMPAIGN WAS REINVIGORATED WHEN TENG HSIAO-PING AND OTHERLEADERS VISITED THE NATIONAL AGRICULTURAL MODEL AT TACHAI, AND A GOAL OF MECHANIZATION OF AGRICULTURE BY 1980 HAS BEEN SET.

THE CENTER STILL HAS PROBLEMS IN OVERCOMING THE ECONOMIC DIFFICULTIES IN SUCH A VAST, DIVERSE AND UNDERDEVELOPED COUNTRY, PARTICULARLY SINCE THE CONFIDENTIAL

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POLITICAL STRICTURES ON INCENTIVES ARE SEVERE. STILL, "MATERIAL INCENTIVES," THOUGH FROWNED ON, ARE TO BE CONTINUED WHERE NECESSARY. ALTHOUGH GUARANTEED AT MAO'S BEHEST IN THE NEW CONSTITUTION, THE RIGHT TO STRIKE SEEMS IRRELEVANT. WHERE SOFTER METHODS HAVE NOT SUFFICED, PEKING HAS ARRESTED TROUBLEMAKERS AND EVEN SENT PLA UNITS INTO FACTORIES TO ENFORCE LABOR DISCIPLINE.

3. CONTINUITY IN FOREIGN AFFAIRS.

THE CURRENT LINES OF CHINESE FOREIGN POLICY APPEAR WELL SET. CURRENT POLITICAL CAMPAIGNS REGULARLY DESCRIBE THE PERFIDY OF THE SOVIETS AND WARN AGAINST FOLLOWING IN THEIR REVISIONIST FOOTSTEPS. BARRING A SUDDEN DANGEROUS TURN ON THE BORDER OR A CONVULSION IN THE SOVIET LEADERSHIP, THE CHINESE ARE UNLIKELY TO CURB THEIR WAR OF

WORDS WITH THE SOVIETS OR SEEK TO CHANGE THE FROZEN STATE OF SINO-SOVIET RELATIONS. SIMILARLY, THE CHINESE DO NOT APPEAR TO EXPECT ANY MAJOR BREAKTHROUGH SOON IN RELATIONS WITH THE UNITED STATES; THE SEEM REASONABLY HAPPY WITH THE STATUS QUO, AND INDEED SOME OF TENG'S COMMENTS TO FOREIGNERS SUGGEST THE CHINESE THINK THE RELATIONSHIP WOULD NOT BE GREATLY DIFFERENT EVEN IF THE TAIWAN ISSUE WERE RESOLVED.

1975 HAS NOT, HOWEVER, BEEN A VERY GOOD FOREIGN AFFAIRS YEAR FOR CHINA, PARTICULARLY BECAUSE HELSINKI AND THE SUDDEN DENOUEMENT IN INDOCHINA ARE SEEN HERE AS GIVING MOSCOW NEW OPPORTUNITIES FOR STEPPING UP THE PRESSURE ON CHINA. THE DIFFICULTIES WITH JAPAN OVER THE ANTI-HEGEMONY LANGUAGE IN THE PEACE TREATY HAVE BEEN DISAPPOINTING BUT NOT ESPECIALLY DAMAGING TO PEKING. ON THE POSITIVE SIDE OF THE LEDGER (IN ADDITION OF COURSE TO ANY AND ALL SETBACKS TO SOVIET POLICY, INCLUDING THOSE IN THE MIDDLE EAST) ARE ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH THAILAND AND THE PHILIPPINES, CONSOLIDATION OF CHINA'S TIES WITH CAMBODIA, AND THE NEW SOUTH ASIA OPENING PROVIDED BY RECOGNITION OF THE NEW GOVERNMENT IN BANGLADESH.

CHINA'S TRADE IS DOWN SLIGHTLY FROM LEVELS OF A YEAR AGO, DUE MORE TO THE ECONOMIC RECESSION IN ITS PRINCIPAL MARKETS AND THE RESULTANT RESTRICTION ON FOREIGN EXCHANGE
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AVAILABILITIES THAN TO ANY INTERNAL FACTOR. ALTHOUGH THE CHINESE TRADING CORPORATIONS THIS YEAR HAVE SHOWN GREATER FLEXIBILITY IN SELLING CHINESE EXPORTS, AND THE DEVALUATION OF THE RENMINBI BY 11.1 PERCENT AGAINST THE DOLLAR SHOULD OVERCOME SOME OF THE DISADVANTAGE TO CHINESE GOODS ENTERING THE US, THE PRC IS WELL ON THE WAY TO ANOTHER TRADE DEFICIT FOR 1975. THE IMPROVEMENT IN WORLD ECONOMIC CONDITIONS SHOULD HELP CHINESE EXPORTS, BUT IMPORTS FOR CHINA'S DEVELOPMENT WILL CONTINUE TO BE CONSTRAINED BY A FOREIGN EXCHANGE SHORTAGE.
BUSH

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